

**United States Environmental Protection Agency  
Criminal Investigation Division  
Investigative Activity Report**

**Case Number**

0606-0015

**Case Title:**

CES Environmental Services

**Reporting Office:**

Houston, TX Resident Office

**Subject of Report:**

Interview of TCEQ Air Inspector, (b) (6), (b) (7)(C), on February 23, 2012.

**Activity Date:**

February 23, 2012

**Reporting Official and Date:**

(b) (6), (b) (7), SA

28-FEB-2012, Signed by: (b) (6), (b) (7), SA

**Approving Official and Date:**

(b) (6), (b) (7), SAC

29-FEB-2012, Approved by: (b) (6), (b) (7), ASAC

**SYNOPSIS**

On February 23, 2012, an interview of TCEQ Inspector, (b) (6), (b) (7)(C) was completed. The interview was completed at the EDTX US Attorney's Office located at 350 Magnolia Street, Beaumont, Texas. Those present included: TCEQ Inspector (b) (6), (b) (7)(C); AUSA Joe Batte; DOJ ECS Prosecutor (b) (6), (b) (7)(C); and EPA CID SA (b) (6), (b) (7). Agent displayed credentials. (b) (6), (b) (7) agreed to the interview and provided information about Port Arthur CES (PACES).

**DETAILS**

On February 23, 2012, an interview of TCEQ Inspector, (b) (6), (b) (7)(C) was completed. The interview was completed at the EDTX US Attorney's Office located at 350 Magnolia Street, Beaumont, Texas. Those present included: TCEQ Inspector (b) (6), (b) (7)(C); AUSA Joe Batte; DOJ ECS Prosecutor (b) (6), (b) (7)(C); and EPA CID SA (b) (6), (b) (7). Agent displayed credentials. (b) (6), (b) (7) agreed to the interview and provided information about Port Arthur CES (PACES).

(b) (6), (b) (7) is a TCEQ Inspector in the Air Section, in Beaumont, Texas. (b) (6), (b) (7) explained what is called a Permit by Rule (PBR). A PBR can either be a claimed PBR or a registered PBR. The claimed PBR requires that the facility do exactly what the claimed PBR states the facility is doing. The registered PBR requires documents to be sent to Austin and be approved.

PACES had several claimed PBR and 2 Registered PBR that had been approved.

(b) (6), (b) (7) stated that one PBR stated that PACES was using caustic in the process but instead PACES was using spent caustic. (b) (6), (b) (7) stated that PACES was claiming to do one thing, and in reality was doing something different. (b) (6), (b) (7) was not certain what would have been decided if PACES had made it clear they were using spent caustic instead of new caustic that would be up to TCEQ Engineer (b) (6), (b) (7).

PACES PBRs' listed only one source of emissions which was subjected to an air scrubber and flare, no other source of emissions was permitted. When (b) (6), (b) (7) inspected PACES there were many emission sources directly to the air and PACES was in violation of Texas CAA laws and their PBRs.

(b) (6), (b) (7) stated that his understanding of the PACES process was that the incoming material at PACES came from barges. The documents related to the incoming loads that (b) (6), (b) (7) observed

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were from CITGO.

Each visit to PACES (b) (6), (b) (7) would meet with different people. (b) (6), (b) (7) thinks that PACES was barging in caustics and some of the caustic went to paper mill and some of the caustic was put into the PACES process. (b) (6), (b) (7) stated that he never got any clear answers from PACES. It was very unusual.

During a visit May 2010, (b) (6), (b) (7) asked Owner (b) (6), (b) (7) and Plant Manager (b) (6), (b) (7) what was the process that PACES was doing that day. (b) (6), (b) (7) never got a clear answer, ever. They both stated to (b) (6), (b) (7) that they were not doing what they were permitted to do.

(b) (6), (b) (7) inspection resulted in an enforcement action sent to the TCEQ Enforcement Coordinator, (b) (6), (b) (7). The reasons are in (b) (6), (b) (7) inspection report; he named some as tanks not being sealed; not utilizing the claimed vapor balancing; not burning the flare; leaving vessel hatches open; all resulting in emissions not exiting through the flare only, as permitted.

(b) (6), (b) (7) stated that the PACES PBR depended on PACES accurately describing its process which it did not. For example, PACES claimed the process was an enclosed system and it was not. PACES declared they would use new caustic; but instead they used spent caustics, the spent caustics contained unknown contaminants and trash which were not accounted for in the process.

On March 31, 2010, (b) (6), (b) (7) completed a PACES site visit. On that visit (b) (6), (b) (7) and (b) (6), (b) (7) attorney named (b) (6), (b) (7) got into an argument about giving a large stack of papers to (b) (6), (b) (7). Eventually (b) (6), (b) (7) decided not to give (b) (6), (b) (7) the stack of papers. (b) (6), (b) (7) left PACES without the documents. On April 14, 2010, a box of documents from PACES arrived.

On May 22, 2009, (b) (6), (b) (7) was completing a site visit and inventory. (b) (6), (b) (7)(C) was explaining the different tanks. (b) (6), (b) (7) noticed an extra tank that was not listed. (b) (6), (b) (7) told (b) (6), (b) (7) that the extra tank was a reactor vessel, named RV-2. (b) (6), (b) (7) told (b) (6), (b) (7) that the extra tank was not authorized without pre-approval.

(b) (6), (b) (7) first told (b) (6), (b) (7) that the reactor vessel was only used to store material. (b) (6), (b) (7) later told (b) (6), (b) (7) that when they crank up RV-1 they also crank up RV-2. (b) (6), (b) (7) also noted additional tanks not listed or authorized an acid tank and a bleach tank. PACES never got authorization for the additional tanks. (b) (6), (b) (7) advised (b) (6), (b) (7) PACES needed to inform TCEQ before construction of the tanks and PACES could not operate the tanks without permit. (b) (6), (b) (7) replied since they would be approved they built them.

(b) (6), (b) (7) stated that PACES was never authorized to offload from barges. The treatment in trucks in the parking lot was also an unpermitted emission source in violation of TCEQ air regulations.

(b) (6), (b) (7) stated that he had never been to a facility that smelled as bad as PACES. (b) (6), (b) (7) stated that the smell at PACES was from Hydrogen Sulfide (H<sub>2</sub>S), not mercaptans. The smell was so bad, that (b) (6), (b) (7) nearly vomited from the smell on occasion while on site. (b) (6), (b) (7) stated that a Manager named (b) (6), (b) (7) at the neighboring facility, (b) (6), (b) (7) got sick from the

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PACES smell and claimed to have actually vomited from the smell.

(b) (6), (b) (7)(C) stated that (b) (6), (b) (7) was always tweaking and evolving what PACES was doing. PACES did not do what they were permitted to do. (b) (6), (b) (7)(C) stated that (b) (6), (b) (7) did not seem to get that permits need followed and had a purpose. When permits are ignored and facilities just do what they want, people can get hurt. When the permits are complied with it is better for all persons involved and the pollution is kept to a minimum.

(b) (6), (b) (7)(C) stated that TCEQ gets many complaints. Sometimes they are neighbors that are mad, or people that don't understand the regulations, or smell complaints that are gone upon arrival.

(b) (6), (b) (7)(C) stated that when he went to PACES the smell would still remain and was very strong. Most facilities will also fix issues related to valid complaints. PACES did not respond like most facilities; (b) (6), (b) (7)(C) told (b) (6), (b) (7)(C) that 9 complaints was nothing. (b) (6), (b) (7)(C) stated that for PACES small size, they received a large amount of complaints.